Oil Refinery at Paradeep (Orissa)

*231. SHRI PYARIMOHAN MOHAPATRA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the establishment of oil refinery and petro-chemical complex at Paradeep in Orissa has been badly delayed;

(b) if so, the details thereof and the reasons therefor; and

(c) the steps being taken by Government to expedite the process indicating the approximate time when serious work will begin and the time by which the project will be completed?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (c) A nine Million Metric Tonnes Per Annum (MMTPA) grassroots refinery at Paradip was approved by Navratna Board of Indian Oil Corporation Limited (IOCL) in 1999 at an estimated cost of Rs. 8,312 crores taking into account the Sales Tax incentives granted by Orissa Government. The implementation of the project could not progress beyond land acquisition proceedings and initial infrastructure development because of the withdrawal of the concessions granted by the Government of Orissa in 2000. Consequently, the management of IOCL was forced to reconsider any further investment, as the project became unviable. Thereafter, IOCL took up the matter with the Government of Orissa for restoration of the concessions.

After prolonged deliberations, the Government of Orissa restored the concessions and a Memorandum of Understanding (MoU) was signed between the Government of Orissa and IOCL on 16.2.2004 for the implementation of the Paradip Refinery Project by 2009-10. IOCL will endeavour to advance the completion of the project. The reviewed configuration includes a 15 Million Metric Tonnes Per Annum (MMTPA) refinery integrated with a petrochemical complex.

Meanwhile, 3347 acres of land have been acquired for the project. Land development by dredging and reclamation, construction of bridges over Santa Creek, and construction of an approach road for the refinery connecting NH-5A to the refinery site, have been completed.

The first phase of the project, namely the installation of a Single Point Mooring (SPM) system and Crude Oil Terminal along with Paradip-Haldia Crude Pipeline are under implementation and is scheduled to be completed by March, 2006.